

October 12, 2017

To: The Alberta Utilities Commission (“AUC” or “Commission”)

Re: Notice of Filing – Final Proposed Amended Section 202.5, *Supply Surplus* (“proposed amended Section 202.5”)

The Alberta Electric System Operator (“AESO”) is filing the proposed amended Section 202.5 pursuant to Section 20.2(1) of the *Electric Utilities Act* (“EUA”) and sections 11 through 13 of AUC Rule 017. The AESO is authorized to make ISO rules in accordance with sections 19 and 20 of the EUA.

Background

On April 7, 2017, the AESO issued a [Letter of Notice](#) regarding consultation on the proposed new and amended Wind, Solar, AGF and DER Rule Amendments, including Section 202.5.

After considering market participant comments received regarding the initial amendments to Section 202.5 proposed, the AESO decided not to proceed with the amendments to subsection 2(1) of Section 202.5, which reflected a change to the timing for the start of a supply surplus event. As such, the AESO removed Section 202.5 from the Wind, Solar, AGF and DER Rule Amendments package in order to allow for re-consultation on the proposed amended Section 202.5. The remainder of the Wind, Solar, AGF and DER Rule Amendments package was filed with the Commission as described in the [Expedited Letter of Notice](#) issued by the AESO on August 22, 2017.

Under proposed amended Section 202.5, consulted on as part of the Wind, Solar, AGF and DER Rule Amendments package, a supply surplus event starts when the in-merit electricity supply consists of only inflexible blocks of \$0 offers. However, following consultation, the AESO determined it to be appropriate to maintain the approach in existing Section 202.5, under which a supply surplus event starts when the in-merit electricity supply consists of multiple \$0 offers.

Proposed amended Section 202.5 is being revised for clarification purposes, and to ensure certain requirements are applicable to aggregated generating facilities, including solar facilities.

Summary of Consultation

On April 7, 2017, the AESO issued a Letter of Notice on its website requesting written comments from market participants and other interested parties with respect to the proposed new and amended Wind, Solar, AGF and DER Rule Amendments, and notified market participants in the AESO Stakeholder Newsletter.

On May 11, 2017 and May 25, 2017, respectively, [market participant comments](#) and [late market participant comments](#) were received from market participants and other interested parties in response to the Letter of Notice. The AESO posted written comments on the AESO website and notified market participants in the AESO Stakeholder Newsletter. Please see the Market Participant Comments on Letter of Notice and Late Market Participant Comments on Letter of Notice for a summary of comments received. In its August 22, 2017 [AESO Reply to Market Participant Comments Letter](#), the AESO provided its replies to written comments received.

On August 22, 2017, the AESO posted a second [Letter of Notice](#) on its website requesting written comments from market participants and other interested parties with respect to the revised proposed amended Section 202.5, and notified market participants in the AESO Stakeholder Newsletter.

No comments were received from market participants and other interested parties with respect to the revised proposed amended Section 202.5.

Proposed Effective Date

In accordance with Section 20.3 of the EUA, if no objection is filed, the proposed amended Section 202.5 will become effective on September 1, 2018, being the day specified in the ISO rule.

The AESO submits that the proposed amended Section 202.5 complies with AUC Rule 017 and further submits that the proposed amended Section 202.5 is not technically deficient, supports the fair, efficient and openly competitive operation of the market, and is in the public interest.

Attachments to Notice of Filing

In accordance with Section 13 of AUC Rule 017, the following documents are attached to this Notice of Filing:

1. April 7, 2017 Letter of Notice;
2. May 11, 2017 Market Participant Comments on Letter of Notice;
3. May 25, 2017 Late Market Participant Comments on Letter of Notice;
4. August 22, 2017 AESO Reply to Market Participant Comments;
5. August 22, 2017 Expedited Letter of Notice;
6. August 22, 2017 Letter of Notice; and
7. [Blackline](#) and [clean](#) copy of proposed amended Section 202.5.

If you have any questions, please contact the undersigned.

Sincerely,

"Maria Gray"

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Attachments